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RUEHOK/AMCONSUL OSAKA KOBE 0020
RUCPDO/USDOC WASHDC
RUEAHL/HOMELAND SECURITY CENTER WASHDC
RUEHC/DEPT OF LABOR WASHDC

UNCLAS SECTION 01 OF 02 TORONTO 000175

SIPDIS
SENSITIVE

E.O. 12958: N/A
TAGS: [ETRD](#) [ELAB](#) [PGOV](#) [SENV](#) [CA](#)
SUBJECT: PLANNED GM PLANT CLOSURES PROVOKE FURIOUS REACTION

Ref: Toronto 134 and previous

Sensitive But Unclassified - Please Protect Accordingly.

1. (U) SUMMARY: General Motors' (GM) June 3 announcement to close its pickup truck plant in Oshawa, Ontario, in 2009 provoked a blockade of the company's headquarters by Canadian Auto Workers (CAW) union members on June 4 and 5. Criticism of GM's decision from provincial and federal governments was swift and intense. GM blames the planned closure on the combined effects of rising gasoline prices in North America, and turbulence in the U.S. housing market. The CAW called the plant shutdown a "betrayal" of their recently signed collective agreement with GM and continues to pressure GM for a commitment to keep the plant open until newer, more fuel efficient trucks can be lined up for production in Oshawa. On June 4, the federal Minister of Finance Jim Flaherty offered to release part of the Canadian government's C\$250 million Automotive Innovation Fund to GM as an incentive to produce a more vehicles at GM's Oshawa auto plant. END SUMMARY.

"Betrayal"

2. (U) On June 3, General Motors (GM) announced the closing of four North American plants after the third quarter of 2009. The planned closures include the Oshawa, Ontario truck plant where 2,600 jobs will be lost. GM pinned the blame on reduced demand for larger vehicles due to higher North American gasoline prices and turbulence in the U.S. housing market. In GM's analysis the reduction in demand represents a long term realignment of the North American market, and not a temporary reduction.

3. (U) The planned closure was immediately condemned by the Canadian Auto Workers (CAW) union, which barricaded GM's Canadian head office in Oshawa. CAW officials are particularly aggravated that the decision came weeks after the company and GM agreed on a collective bargaining agreement (CBA) that preserved jobs in exchange for a three-year wage freeze and numerous cost-saving provisions.
(Reftels)

4. (U) On June 4, CAW picketers prevented vehicles from entering the Oshawa headquarters. Union members said they will continue the blockade until the company reverses its decision to close the plant. Under the terms of the recently signed CBA, GM was to produce its next-generation version of pickup trucks in Oshawa truck facility, beginning in 2011-2012. Production of these new models reportedly will be moved to Mexico. The union has threatened wildcat strikes and a CAW Local 222 member said "they have nothing to lose."

Another Blow to Canadian Labor, Pleas for Government Assistance

¶5. (U) GM's decision was the latest and most severe blow to Canada's auto manufacturing sector, particularly in Oshawa. Until January 2008, the Oshawa pickup truck plant had been running at its full capacity of three shifts per day. After the cut of one shift in January, the CAW and GM managed to avoid the removal of another shift through collective bargaining. If the decision to close the plant stands, nearly 2600 jobs will be lost permanently.

¶6. (U) CAW leader Buzz Hargrove is calling on the provincial and federal governments to press GM to retain at least one shift of employment at the plant beyond the third quarter of 2009, as a stopgap until production of next generation pickups begin. Union officials are scheduled